

Millions of Your Tax Dollar

SPOTLIGHT ON THE SPOTLIGHT

By Tom Valentine

An estimated \$6 million in tax money has been spent by an army of bureaucrats and police in a massive effort to vilify one man. It rivals the Watergate cover-up and vendetta in cost to taxpayers and outclasses Watergate when it comes to the variety of government agencies involved.

The Ronald Rewald affair has seen government agencies orchestrating an apparent conspiracy to play down a CIA cover (SPOTLIGHT, June 17 and previously). So far the Rewald case has involved agents from the Justice Department, the FBI, CIA, Securities Exchange Commission, the Internal Revenue Service, the Federal Deposit Insurance Corporation and the federal and state courts in Hawaii.

Recently the Federal Communications Commission also got into the act when the CIA complained that ABC-Television falsified the news. ABC has been fully exonerated by the FCC, much to the chagrin of the CIA and Director William Casey.

The \$6-million tax-paid cost is more than the amount said to have been lost by investors who were supposed to have been billed by the investment firm formerly headed by Rewald: Honolulu-based Bishop, Baldwin, Rewald, Dillingham & Wong, an investment firm and major CIA cover operation.

This case has exhibited government pressure against a citizen, which establishes a new precedent for bureaucratic arrogance, bureaucratic bungling and overkill.

Originally the CIA filed with the court a sworn statement saying the agency had nothing whatsoever to do with Bishop, Baldwin, Rewald, Dillingham & Wong and Ron Rewald; then in a second affidavit filed personally by William Casey, director of the CIA, the CIA swore it only had a minor role, like telephone use and incidentals. Then in still a third affidavit, the CIA swore, still under oath, that the agency created five cover operations including Bishop, Baldwin, Rewald, Dillingham & Wong.

The truth, slowly working its way out, seems to be that Bishop, Baldwin, Rewald, Dillingham & Wong was a major CIA cover operation, virtually replacing the infamous Nugan-Hand Bank operation (based in Australia in the 1960s).

"Ron was a long-standing operative and when the cover was blown due to inept handling of a problem, a malicious Hawaii press and a bungling judiciary, he was left holding the bag. He was willing to take a small fall early on, rather than endanger or uncover any CIA relationships, but when the CIA turned on him, he fought back."

That summary comes from a source close to Rewald, who asked not to be identified, for obvious reasons. As the case has unraveled over the past two years, Rewald's counterclaims appear accurate and the government case, despite the \$6-million expenditure, appears a sham.

CASE HISTORY

Now that Rewald has a new team of attorneys the history of this case has become clearer.

The SPOTLIGHT has been close to the Rewald story since early spring, 1984, when many investors finally decided that Rewald was telling the truth and the CIA was covering up, so they filed lawsuits against the CIA for their lost investments.

Along with the British Broadcasting Corporation and a local Hawaiian newspaper, The SPOTLIGHT broke the story of alleged attempts on Rewald's life by CIA-supported hit men. ABC-TV picked up the story told by self-described hit man Scott Barnes, and incurred the wrath of Casey and the CIA. Barnes, a longtime CIA operative according to congressional investigation documents, confessed that he had been hired to kill Rewald while the front man languished in Hawaii State Prison.

Barnes sticks to his story, and all indications up to now, despite continued CIA denials, are that Barnes has told some truth.

When the Bishop, Baldwin, Rewald, Dillingham & Wong cover was first being blown apart, Rewald tried to obtain the company files and turn them over



Ronald Rewald is fighting back against the CIA.

the CIA agents to protect the agency. However, no one from the "company" (CIA) would get anywhere close to Rewald in order to quietly purge the files. This forced Rewald to turn them over to a U.S. district court judge, Martin Pence.

That was a sad mistake.

PANIC

Rewald's attorney advised Pence that sensitive documents and classified materials were involved, but the judge ignored the plea and publicly announced that a CIA team from headquarters would come to Hawaii to inspect the files. Now the media was alerted, and the CIA evidently panicked.

Agents arrived and removed a few hundred documents under the eye of the press and the court—trying to make light of the issue, but asking that the material be "sealed in the interest of national security."

Later, The SPOTLIGHT's source recalled, agents "did a job on the remainder of the files, making sure that numerous documents vanished without the court or the press knowing."

The CIA cover-up began by alleging that Rewald was a master con artist who bilked investors out of a reported \$21 million in a "Ponzi scheme," and that Rewald was trying to use the CIA as a scapegoat.

The \$21-million figure was honored by the media, but it was another bureaucratic twist of truth. Pence appointed Thomas Hayes as the federal bankruptcy trustee in the Bishop, Baldwin, Rewald, Dillingham & Wong-Rewald case and Hayes quickly announced that \$22,700,000 was missing, even before he had obtained any records.

The figure was reduced to "about \$6 million" after the records were perused, but Hayes also contended incorrectly that no investments had been made by Bishop, Baldwin, Rewald, Dillingham & Wong.

The implication was that Rewald had absconded with millions of dollars and spent it all on himself—buying polo ponies, a polo field and an estate and so forth.

INVESTMENTS

"The record indicates that more than 60 businesses surfaced that were, indeed, investments made by Bishop, Baldwin, Rewald, Dillingham & Wong," the source stressed.

Rewald has filed a civil suit against Hayes, charging that the trustee libeled and slandered him. In one instance, Rewald has charged, the trustee discovered a deeply personal photograph and circulated it indiscriminately in an apparent effort to harm Rewald's reputation and damage Rewald's marriage of 24 years.

"Like Judge Pence before him," source said, "Hayes did not think of repercussions of releasing sensitive documents and he literally passed several such documents out to press."

One such document passed along Hayes destroyed the cover of J. Sager, former CIA station chief Moscow. The document, according to sources, was clearly marked "classified top secret."

Two counts of theft by deception were finally lodged against Rewald by state of Hawaii—the only two ever returned by that state's grand jury despite two years of hearings.

One of the counts stemmed from inadvertent testimony of Rewald's closest friend and a former CIA station chief in Hawaii, Jack Kindschi, a CIA agent for many years, trying to distance himself from Rewald, actually caused Rewald's arrest in 1983, following a mysterious "suicide attempt" by Rewald.

"The two counts of theft by decep-

Big Brother Has Thumb in Pie

A recent news break from Hawaii compounds Big Brother's complicity in the Ronald Rewald case, causing more consternation for taxpayers footing the bills.

Jackie Voss was a Bishop, Baldwin, Rewald, Dillingham & Wong employee, formerly Rewald's secretary and a person with modest CIA document clearance. She tried to tell "investigators" her story early in the expensive affair but it is just now coming out, curiously.

Shortly after Rewald's "suicide attempt" and blown cover (see related story), Miss Voss was grabbed by two men and an official of the New Zealand government who desperately wanted access to the Bishop, Baldwin, Rewald, Dillingham & Wong records room.

Bob Allen (a well-known Honolulu businessman) and his bodyguard (Angelo Cancedi) tried to bribe Miss Voss, then threatened her by saying she would wind up dead if she didn't come up with the key to the computer room.

In a sworn affidavit, Miss Voss states that the men wanted Rewald's "green book" (his book of access codes).

Miss Voss managed to confound her abductors and then ran to Bill Irwin, the FBI's head. The FBI then "wired" her to "get the goods on" the others and it has since been confirmed that she, indeed, "got the goods," but nothing has been done.

Miss Voss alleges that the men wanted to give her "some Bishop, Baldwin, Rewald, Dillingham & Wong dollars today" but when she returned to the FBI the agency wasn't "interested."

Fund for Defense

A special defense fund for Ron Rewald has been created by anonymous donors.

A. Brent Carruth, a Los Angeles attorney, told The SPOTLIGHT documents have been filed with courts indicating that the fund has been created and that he and attorney Melvin Belli are seeking to defend Rewald against the fraud and tax evasion charges he is facing.

Carruth said the confidentiality of the donors has been guaranteed by the attorneys. He would not comment further.

A source close to the Rewald told The SPOTLIGHT, "Much of the money is coming from other operatives who don't like the treatment Rewald has been getting."

Fund Spy Scandal Cover-Up

resulted in the largest bail demand in Hawaii's history: \$10 million," the source added.

"Kindschi controlled Rewald and Bishop Baldwin for the company [the CIA]," the source continued. "He literally authored all the Bishop, Baldwin, Rewald, Dillingham & Wong literature, including the brochures containing lies and misrepresentations used to build the company [Bishop, Baldwin, Rewald, Dillingham & Wong] up. Later these same lies caused the appearance of fraud on Rewald's part."

A year after the two state charges, the feds indicted Rewald on 100 counts of fraud, perjury and tax evasion.

The prosecution has since asked that the perjury charges be dropped. These are the charges relating to Rewald's claims that the CIA was behind all his woes.

As bad as it appears, the handling of the bankruptcy is not nearly so big brotherish as the handling of Rewald's case by the FBI, the U.S. Justice Department, the CIA and the federal court in Hawaii (see related story).

In a land where citizens are presumed innocent until found guilty we have an overt case of government suppression out of control. "A government of the people, for the people? Which people?" Rewald's family has asked.

The investigation into Rewald was led by Bill Irwin, head of the FBI's Hawaii office.

"Bill Irwin was a confidant of Ron Rewald," the source explained. "He had been introduced to Ron by former station chief Jack Kardin. Irwin met with Rewald at least two times in the company safe house and had offered Rewald advice (tape recorded) on how he could best protect himself on large arms sales abroad involving kickbacks to foreign officials."

In other words, the FBI's main investigator knows full well the depth of Rewald's involvement with the CIA—which is allegedly being questioned, but not necessarily investigated.

DOOR TO DOOR

"When they were trying to build a case against Rewald, they went door to door with an IRS agent named Joseph Campalone and U.S. attorney John Peyton, posing as an FBI man. Campalone told clients and friends of Rewald that it was common knowledge

that Rewald was a womanizer—at least it became common knowledge after Campalone spread it around.

"Campalone knew Rewald was under CIA protection because he had been told earlier to 'stand down' when he tried to investigate Bishop, Baldwin, Rewald, Dillingham & Wong," the source related.

According to the source:

"Peyton arrived on the scene two days after Rewald's cover collapsed. As the

brand-new assistant attorney he was handed the biggest case in Hawaii history.

"Peyton says it was all a mere coincidence; that since he was a newcomer he had no work load, thus the assignment. Peyton alleged no connection with the CIA on his part, but the fact is he came down from a position as chief of litigation for the CIA in Washington to deputy U.S. attorney in Hawaii—some coincidence!

"Peyton is an operative and his Hawaii cover was blown by David Taylor of the BBC just to prove that point. Taylor was given a telephone number of a U.S.-based intelligence operation by an insider and he called the number, then asked for 'Major Peyton.' Peyton went crazy, wanting to know how Taylor got the number. Still, U.S. district Judge Harold Fong saw no particular conflict of interest in this instance."